

Internal Revenue Service

Department of the Treasury

District  
Director

Date: JUL 11 1986

Employer Identification Number:

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under Section 501(c)(6) of the Internal Revenue Code.

The evidence submitted indicates that your unincorporated organization was formed on [REDACTED].

The purposes for which the organization was formed are as follows:

To establish a professional personnel association in which representatives of member companies can focus on the policy-making and current operational aspects of international personnel problems; to invite the participation of industry, government, and academic leaders that will expand the professional exposure of the member company representative and contribute to their technical knowledge; to provide opportunities for member company representatives to develop stimulating personal and professional relationships.

The information submitted indicates your primary activity is to focus on the policy-making and current operational aspects of international personnel problems. Your income is primarily derived from membership dues. Your bylaws state that all memberships are corporate and restricted to organizations and companies with substantial operations. The number of such membership is limited to [REDACTED].

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 68-182, 1968-1C.B. 263 it is held that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under Section 501(c)(6) of the Code.

In the case of National Muffler Dealers Association v. U.S. 440 U.S. 472(1979) the court held that an association of a particular brand name of muffler dealers does not qualify for exemption because the association is not engaged in the improvement of business conditions of a line of business.

Revenue Ruling 73-411, 1973-2C.B. 180 denies exemption to a shopping center merchants' association where its membership is restricted to tenants of a one-owner shopping center and their common lessor rather than to representatives from any community as a whole.

The information submitted with your application indicates that, like the organization described above, membership in your organization is limited to [REDACTED] who must meet certain criteria and therefore is not open to all in a particular line of business which is necessary for a 501(c)(6) organization. Your activities are not directed to the improvement of business conditions of one or more lines of business, but are directed primarily at providing particular services for members your. Your purpose is to exchange information on international personnel problems between members and to provide opportunities for members to develop personal and professional relationships.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Accordingly, we conclude that you are not operated exclusively for purposes described in Section 501(c)(6). Therefore you are not exempt from Federal income tax under that section nor any other paragraph of Section 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

**TS/** 

District Director

Enc: Publication 892